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ABSTRACT

Although it has been suggested that organizational reward practices can promote dysfunctional behaviors or restrict employee effort, there is little empirical evidence about their influence on employee attitudes and performance or the degree to which they are affected by supervisor reward/punishment behaviors. To investigate perceived demotivating and disincentive influences, and to compare such influences with those of perceived incentive systems, 161 health care support personnel in a long-term rehabilitative care facility were studied. Subjects completed questionnaires which included incentive, disincentive, and demotivating measures; supervisor motivational practice measures; individual characteristics measures; and job attitude measures. An analysis of the results showed that the perceived incentive systems in the work environment were positively related to satisfaction, while the disincentive and demotivating influences were negatively related to satisfaction. These data support the contention that perceived disincentive and demotivating influences in the organization's reward systems are able to adversely affect job attitudes and performance. The data also indicated that the supervisor's use/frequency of use of reward behaviors was an important influence on perceived incentives and had somewhat stronger relationships with performance than the disincentive or demotivating elements. (NRB)

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Demotivating and Disincentive Influences in a Health Care Organization

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16.1 Management/Administration
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Although various authors have suggested that organizational reward practices frequently promote dysfunctional behaviors or actively restrict employee effort, there is relatively little empirical evidence about the influences of such systems on employee attitudes and performance or the degree to which such influences are affected by supervisor reward/punishment behaviors. The present study investigated perceived demotivating and disincentive influences among 161 health care support personnel in a long-term rehabilitative care facility. The results, based on responses by employees and their supervisors, suggested that such influences are negatively related to job satisfaction and, to a lesser degree, to performance.

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Demotivating and Disincentive Influences in a Health Care Organization

There is extensive evidence that when rewards are contingent upon successful task performance, they lead to improved performance and more positive job attitudes (Cherrington, Reitz & Scott, 1971; Greene, 1973; Keller & Szilagyi, 1978; Pritchard, Leonard, VonBergen & Kirk, 1976). Similarly, performance-contingent punishment has been linked to increased performance, but is generally less effective than reward and has been more frequently associated with negative side effects (Arvey & Jones, 1984; Podsakoff, 1982).

The possibility of undesirable side effects is not unique to punishment, however. Kerr (1975) suggested that organizational incentive systems frequently reward behaviors that are very different from those they were designed to encourage. Similarly, Lawler (1976) noted that when organizational control systems are tied to rewards, they may produce patterns of rigid behavior that are dysfunctional to the organization either because such patterns remove needed flexibility or because they direct energy away from necessary but unmeasured and unrewarded behaviors.

In addition to such dysfunctional or disincentive influences, organizational incentive systems may be demotivating (i.e., they discourage organizationally desirable behaviors but do not necessarily foster the development of inappropriate behavior patterns). Examples of such patterns are not common in the organizational literature, but do appear in discussions of intrinsic versus extrinsic motivation and performance appraisal. Deci (1971) contended that extrinsically administered rewards detract from the intrinsic motivational characteristics of the task, while Kipnis (1972)

and Lepper and Greene (1975) suggested that the use of almost any form of systematized external surveillance and control system fosters a perceived need for further surveillance and a distrust of employee motives. Other authors have argued that the use of subjective performance measures to administer incentives may be demotivating because they lead to perceptions that the system is inaccurate and unfair and thus to reduced effort. Meyer (1975) suggests that this phenomenon is caused partly because employees view themselves as above-average performers even when such perceptions are not supported by objective measures. Thus, the desired link between incentive and performance is made more tenuous by the use of subjective measures and the probability that employees will perceive incentives for dysfunctional behaviors is enhanced.

Unfortunately, while such disincentive and demotivating characteristics have been described in the organizational literature, empirical evidence about conditions that foster such adverse characteristics or about their influences on job attitudes and behavior within the broader context of supervisor behaviors and motivational strategies is generally sparse. The present study was an attempt to investigate the demotivating and disincentive influences in a health care organization and to compare such influences with those of perceived incentive systems in that organization.

Method

Sample

The sample consisted of 161 health care support personnel in a hospital specializing in long-term rehabilitative care for individuals suffering partial or total body paralysis. The majority of the sample (N=91) were in nursing positions, while the remainder were in specialties such as physical

and occupational therapy.[1] The average age of the sample was 36.0 years; average organizational tenure was 6.3 years. Employees (88%) and supervisors (90%) were predominantly female. The average education was an associate or higher degree.

The organization used a merit pay system where supervisors were free to award annual increases varying from 0 to 5%. The organization also provided an annual cost-of-living increase that generally equalled or exceeded the maximum merit pay amount. Accompanying but only loosely related to the merit pay award was an annual performance appraisal which used a six-point scale to provide ratings for 11 dimensions of performance (e.g., quality of work, attendance, adaptability, public relations) and an overall verbal summary. Points on these dimensions were anchored by general behaviorally-oriented statements (e.g., "Consistently begins work with normal amounts of encouragement"). Interviews with supervisors indicated that administrative policy encouraged the use of differential merit pay for a variety of purposes in addition to rewarding performance (e.g., achieving pay comparability within a job category). Thus, conditions appeared conducive to the formation of disincentive and demotivating influences.

Questionnaires were completed voluntarily in group settings during the normal work day. Unless otherwise specified all items were presented in a 5-point Likert format where a higher score reflected more of the attribute.

Instruments

Incentive, disincentive and demotivating measures. The Perceived Incentives measure (15 items, α = .85) assessed the degree to which the hospital provided valued outcomes and recognition to employees who performed well in their jobs. The Perceived Disincentives measure (14 items, α = .83)

assessed the degree to which the organization provided rewards and recognition for behavior patterns that the organization had identified as undesirable or inappropriate. The third measure, Perceived Demotivating Characteristics (9 items, α = .73) assessed barriers or costs for effective performance. Examples of the items in each measure are presented in Table 1.

Supervisor motivational practices. In addition to the above scales, three measures asked about the frequency with which the employee's immediate supervisor employed various Formal Reward Behaviors (6 items, α = .77), Informal Reward Behaviors (5 items, α = .83), and Punishment Behaviors (6 items, α = .65). Only the frequency of occurrence for these behaviors was assessed, not the degree to which they were contingent on employee performance or other employee actions. These measures were included to assess the possibility that the general frequency of reward/punishment behaviors was as influential on employee attitudes and performance as the contingency of such behaviors (Oldham, 1976).

Individual characteristic measures. Bandura (1977) argued that the effects of external incentive systems may be attenuated by individual characteristics such as self-esteem or need for achievement. For example, persons high in self-esteem are likely to provide self-mediated rewards for high performance even when the external environment does not provide contingent rewards. Thus, the present study included Rosenberg's (1965) Self-esteem measure (α = .75), Aldag and Brief's (1975) Protestant Ethic measure (α = .60), Buckholz's (1978) Humanistic Ethic measure (α = .71) and measure of Need for Achievement (α = .65) adapted from Steers and Porter (1979).

Job attitude measures. Job-related attitudes were measured by a two-item measure of Job Satisfaction (α = .74) and the Lodahl and Kejner (1965) Job Involvement scale (α = .75).

Additional measures. Also included were measures of the percentage of pay increase the employee expected to receive and the actual percentage the employee would receive. The latter information was being processed by the personnel department and had not yet been revealed to the employee. Also included was a one-item summary rating of employee performance completed by the supervisor.

Results and Discussion

Correlations among the variable sets are shown in Table 2. The data suggest that the earlier discussed disincentive and demotivating influences are indeed related to job attitudes and to a lesser degree to supervisor ratings of performance and merit pay recommendations. Consistent with the previous literature, the perceived incentive systems in the work environment were positively related to satisfaction, while the disincentive and demotivating influences were negatively related. Further, correlations for the latter two measures were somewhat lower than those observed for the incentive measure. A similar pattern was found for the general reward and punishment activities of the supervisor.

A slight anomaly occurs, however, when one considers the rated performance and pay decisions. In this case, general reward behaviors show a low but positive relationship with performance and merit pay awards, while punishment is unrelated. Alternatively, the perceived incentive system shows no relationship, although the disincentive and demotivating measures yielded low but significant negative correlations.

In part, this result might reflect a pattern where some supervisors were generally more lenient than others, and were more generous in awarding merit pay. However, an examination of mean awards for each department suggested few such differences. It is likely that this lack of differences reflected somewhat the fact that merit pay awards were reviewed by both the personnel department and a second level supervisor.

A more viable explanation might be that individual performance was indeed a major factor in the pay decision and that performance was enhanced in turn by the supervisor's willingness to use both formal and informal rewards to elicit and reinforce desired behavior patterns. Such supervisor administered rewards may have determined much of what the employee perceived as the organization's incentive system. Similarly, perceived demotivating and disincentive influences seemingly reflected a broader set of conditions (including coworkers and general organizational constraints) and thus offset somewhat the influences of supervisor reward behaviors. This explanation is supported by a positive relationship ($r = .65$) between rated performance and assigned merit pay and by correlations of .50 and .63 between perceived incentives and formal and informal reward, respectively. The results suggest, however, that performance assessments and ultimately pay increments also reflected factors beyond simple job behavior. For example, both level and education seemed to lead to higher performance rating and higher percentage raises.

A further point of interest concerns the general lack of relationship with the employee's self-predicted pay increase. While there was some correlation ($r = .25$) between the employee's prediction and the actual award, this prediction did not appear to reflect or influence any of the other areas

measured in this study. Thus, it seems unlikely that the merit pay award could serve as an effective incentive under such conditions. Finally, the present data provided no support for the argument by Bandura (1977) that individual personality characteristics are related to job performance in such a way as to offset such demotivating or disincentive influences.

In sum, the study supported the contention by authors such as Lawler (1976) and Kerr (1975) that perceived disincentive and demotivating influences in the organization's reward systems are able to affect adversely job attitudes and performance and may attenuate the positive effects that would otherwise be obtained via the use of contingent rewards. However, the data also suggested that the supervisor's general frequency and use of reward behaviors is an important influence on perceived incentives and (based on hierarchical regression analyses) have somewhat stronger relationships with performance than do the disincentive or demotivating elements. For job satisfaction, however, both types of influence appear important, with some indication that demotivating and disincentive influences may play a stronger role. If the latter point is correct, such influences are likely to be important elements in the turnover process. In any case, such phenomena appear to justify further systematic investigation.

Footnotes

[1] The nature of the rehabilitative treatment process resulted in a more pronounced and intensive role for these latter specialties than might be found in an acute care facility. Because the correlations among variables were virtually identical for the nursing and non-nursing employees, the two groups were combined in subsequent analyses.

Table 1

Examples of Incentive, Disincentive and Demotivating Items

Incentive

The promotion system in this organization helps the best people rise to the top.
I am rewarded when I do something well.
The people who do the work get the credit.
Merit raises are given for good performance.

Disincentive

In this organization you can get a raise by threatening to quit.
Calling in sick is an easy way to get a day off.
If you gripe and complain, the supervisor will give a bad job to someone else.
The people who do the worst work get to take it easy.

Demotivating

If I work hard, I have to pick up the slack for those who don't.
People who work hard are looked down on by their coworkers.
In this organization, people get paid the same no matter how hard they work.
If I do a job well, I just get more work to do.

Table 2

Correlations with Job Attitude, Merit Pay Raise and Performance Measures for Health Care Employees (N=161)

	Job Attitudes		Pay Raise		
	Satisfaction	Involvement	Predicted %	Actual %	Performance
Demographic					
Tenure	.28*	.24*	.01	.04	.03
Level	-.06	-.13	.06	.20*	.19*
Education	-.08	-.14	.04	.15*	.19*
Individual					
Humanistic Ethic	.03	.08	.03	.04	.00
Protestant Ethic	.11	.18*	-.05	.02	.10
Need Achievement	.08	.23*	.02	.01	.05
Self-Esteem	.33*	.11	.08	.10	.10
Leader Behavior					
Formal Reward	.22*	.19*	-.02	.23*	.24*
Informal Reward	.40*	.26*	-.08	.17*	.21*
Punishment	-.27*	-.26*	.03	-.14	-.04
Reward System					
Incentive	.52*	.27*	-.09	.12	.11
Disincentive	-.33*	-.08	.09	-.08	-.15*
Demotivating	-.36*	-.09	.08	-.18*	-.21*

*$p < .05$

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